

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

COMMISSON MEETING

OCTOBER 13, 2011

2:00 P.M.

MEMBERS PRESENT: John E. 'Butch' HOWARD, *CHAIRMAN*, David A. WRIGHT, *VICE CHAIRMAN*; and COMMISSIONERS Elizabeth B. 'Lib' FLEMING, G. O'Neal HAMILTON, Randy MITCHELL, Swain E. WHITFIELD, and Nikiya 'Nikki' HALL

ADVISOR TO COMMISSION: Joseph Melchers, Esq., *General Counsel*

PRESENTING AGENDA: James Spearman, Ph.D., *Executive Assistant
to the Commissioners*

STAFF: Jocelyn G. Boyd, Chief Clerk/Administrator; F. David Butler, Senior Counsel; B. Randall Dong, Esq., Josh Minges, Esq., and Rebecca Dulin, Esq., Legal Staff; Phil Riley, Doug Pratt, Tom Ellison, and Lynn Ballentine, Advisory Staff; Patty Sands, Deborah Easterling; Allison Minges, Dale Davis, and Calvin Wood; Hope Adams, Recording Assistant; and Janice Schmieding, Clerk's Staff and Commission Meeting Assistant

E X C E R P T

COMPRISING UTILITIES AGENDA ITEM #14

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

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COLUMBIA, SC 29211

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EXCERPT

DR. SPEARMAN: Item No. 14, Docket No. 2011-47-WS, the Application of Carolina Water Service for an increase in rates and charges, is ready for final disposition.

COMMISSIONER WHITFIELD: Mr. Chairman.

CHAIRMAN HOWARD: Commissioner Whitfield.

COMMISSIONER WHITFIELD: Mr. Chairman, in Docket No. 2011-47-WS, Carolina Water Service seeks to increase its rates and charges for water and sewer services provided to all its South Carolina customers. The company's initial application requested a gross revenue increase of \$2,232,408. Under current rates, a household receiving both water and sewer service from Carolina Water Service and consuming 7,000 gallons per month faces a monthly combined water-and-sewer bill of \$74.94. Under the tariff proposed by the company in its initial application, this household would see a total monthly combined increase of \$34.68, making the total bill \$109.62 per month.

A full evidentiary hearing in this docket was held on September 7th and 8th. Additionally, the Commission held three public hearings, at which it heard from members of the public, one in the Oak

1 Grove community in Lexington County, another in the
2 Lake Wylie community in York County, and then in
3 the Commission's hearing room here in Columbia. At
4 these hearings, a total of 55 public witnesses
5 testified in opposition to the proposed rate
6 increase.

7 Customer testimony in this case was
8 particularly compelling. We heard from witnesses
9 who reported a myriad of customer service problems,
10 including irregular and inaccurate billing,
11 unwarranted disconnection of service, sewer system
12 overflows, water service disruption, and frequent
13 boil-water advisories, and poor water quality.

14 In some neighborhoods -- particularly Forty
15 Love Point, in Chapin, and Oak Grove, in Lexington
16 County -- we heard testimony that the water
17 provided was discolored, smelled bad, tastes bad,
18 and damaged clothes, fixtures, and appliances.
19 Some of these customers reported that they had
20 incurred significant additional household expenses
21 for water filtration systems and/or bottled
22 drinking water as a direct result of the poor water
23 quality in their homes.

24 We are absolutely convinced from the testimony
25 we received that the customer service problems

1 presented by the Applicant are so pervasive and
2 severe that the most just result in this case would
3 be a general denial of the requested increase in
4 its entirety. I move that we, therefore, deny the
5 Applicant's request for rate relief. Mr. Chairman,
6 that is my motion.

7 **CHAIRMAN HOWARD:** You've heard Commissioner
8 Whitfield's motion. Are there any questions?

9 **COMMISSIONER FLEMING:** Mr. Chairman.

10 **CHAIRMAN HOWARD:** Commissioner Fleming.

11 **COMMISSIONER FLEMING:** While I have great
12 respect for my colleagues and certainly understand
13 their frustration with this company, I will have to
14 not support the motion, because we did, in fact, do
15 that same thing with a utility company just like
16 this one, with similar problems, and the Supreme
17 Court issued a decision just this year, in March of
18 2011, saying that -- setting out a roadmap,
19 actually, for dealing with water and sewer. I
20 believe what ORS proposed followed the Supreme
21 Court order, and that -- if I had had my choice,
22 that's the motion I would have supported, because
23 of the -- and my concern is for the customer,
24 because this will probably be appealed. The rates
25 that were originally requested, by State law, can

1 go into effect until that appeal is settled, and
2 with what ORS set out it would mean an increase of
3 \$5.01 to the water-and-sewer customer on an average
4 bill of 7,000 gallons. And that would be -- and I
5 certainly, as I said, have great regard for my
6 colleagues, and I understand their frustration with
7 the company.

8 **CHAIRMAN HOWARD:** Ready to vote?

9 **COMMISSIONER HALL:** Mr. Chairman, I have --

10 **CHAIRMAN HOWARD:** Commissioner Hall.

11 **COMMISSIONER HALL:** -- something to say. I
12 would just like to echo Commissioner Fleming's
13 feelings. My frustration is with the statute -- I
14 believe it's Section 58-5-240 Part D -- that allows
15 the company to get the increase under bond. And my
16 concern is that this is a temporary relief for the
17 customer, that now they'll get zero but when the
18 company files for appeal they'll get the full
19 increase of \$34.68. So, this is my first very
20 controversial vote, Mr. Chairman, and having
21 tremendous respect for my colleagues, as well, I
22 just -- my concern is for the customer, and I don't
23 think that a general denial is best for the
24 customers.

25 **CHAIRMAN HOWARD:** All Commissioners in favor

1 of the motion, say "aye."

2 COMMISSIONERS: Aye.

3 CHAIRMAN HOWARD: Opposed, "no."

4 COMMISSIONER FLEMING: No.

5 COMMISSIONER HALL: No.

6 CHAIRMAN HOWARD: Motion carries.

7 _____*End of Excerpt/Agenda Item*_____

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